

Message Text

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45

ACTION IO-14

INFO OCT-01 IOE-00 ISO-00 CU-04 HEW-08 SS-15 L-03 H-03

NSC-10 CIAE-00 INR-10 NSAE-00 RSC-01 PA-03 PRS-01

USIE-00 OIC-04 OMB-01 ABF-01 TRSE-00 AF-10 ARA-16

EA-11 EUR-25 NEA-10 DRC-01 SSO-00 NSCE-00 INRE-00

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FM AMEMBASSY PARIS

TO SECSTATE WASHDC IMMEDIATE 3656

UNCLAS SECTION 1 OF 2 PARIS 25666

NESCO

E.O. 11652: N/A

TAGS: AORG, AFIN, OCON, UNESCO

SUBJECT: F&A COMMISSION COMPLETES CONSIDERATION OF RECASTING BASE
FOR 1975-76 BUDGET (ITEM 5.1)

1. FOLLOWING IS TEXT OF DRAFT RESOLUTION ON RECASTING BASE
FOR 1975-76 BUDGET TO BE INCORPORATED IN REPORT OF F&A
COMMISSION TO PLENARY. DR WILL BE VOTED ON AS PART OF
REPORT ON WEDNESDAY MORNING OCT 3:

QUOTE: THE EXECUTIVE BOARD,

1. RECALLING RESOLUTION 36.1 ADOPTED BY THE GENERAL
CONFERENCE AT ITS SEVENTEENTH SESSION WHICH INVITED THE
EXECUTIVE BOARD AND THE DIRECTOR-GENERAL TO UNDERTAKE A
COMPREHENSIVE EXAMINATION OF THE METHODS AT PRESENT
EMPLOYED IN ESTABLISHING THE BUDGET ESTIMATES WITH
PARTICULAR ATTENTION TO:

(A) THE EXTENT TO WHICH THE PRESENT RECASTING PROCESS MAKES
ALLOWANCE FOR SUCH FACTORS AS:

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(I) LOWER EXPENDITURE THAN ORIGINALLY FORESEEN IN RESPECT

OF PROGRAMME ACTIVITIES PREMATURELY TERMINATED IN THE
COURSE OF THE BIENNIUM OR OF WHICH THE IMPLEMENTATION HAS
BEEN DELAYED OR POSTPONED,
(II) OTHER FORMS OF BUDGETARY SAVINGS AND ECONOMIES
REALIZED DURING THE BIENNIUM,
(III) INCREASE IN EFFICIENCY THAT MAY RESULT FROM CHANGES
IN THE SECRETARIAT'S STRUCTURE AND METHODS OF OPERATION,
(B) THE DEGREE TO WHICH UNESCO SHOULD BE ENABLED, THROUGH
THE PROVISION OF AN APPROPRIATION RESERVE, TO MEET INCREASED
IN PRICES AND STAFF SALARIES AND ALLOWANCES WHICH MAY
OCCUR DURING THE FINANCIAL PERIOD COVERED BY THE ESTIMATES,

2. HAVING EXAMINED DOCUMENT 93 EX/5, PART I,

3. TAKING INTO ACCOUNT THE VIEWS EXPRESSED BY THE
DIRECTOR-GENERAL THEREIN AND THE ORAL STATEMENTS MADE BY

HIS REPRESENTATIVES TO THE FINANCE AND
ADMINISTRATIVE COMMISSION,

4. CONSIDERS THAT IN THE PREPARATION OF THE BUDGET ESTIMATES
FOR 1975-1976 SUBJECT TO ANY DECISIONS TAKEN BY GC AT ITS
3RD EMERGENCY SESSION:
(A) THE BUDGETARY SAVINGS AND ECONOMIES AT PRESENT
ESTIMATED TO REALIZE \$5,100,000 DURING 1973-1974 FOR MEETING
INFLATION AND DEVALUATION COSTS WITHOUT
APPRECIABLY ALTERING THE PROGRAMME, SHOULD BE DEDUCTED FROM THE
1973-1974 BUDGET BASE AND THAT THE RECASTING ESTIMATES SHOULD BE
ADJUSTED ACCORDINGLY;
(B) INCREASE IN EFFICIENCY RESULTING FROM CHANGES IN THE
SECRETARIAT'S STRUCTURE AND METHODS OF OPERATION SHOULD BE
TAKEN INTO ACCOUNT IN ESTABLISHING THE BUDGETARY GROWTH;
(C) THE PROVISIONS FOR THE APPROPRIATION RESERVE SHOULD CONTINUE
TO BE BASED ON THE PRINCIPLE OF "SEMI-FULL BUDGETING" AS ADOPTED
BY THE GENERAL CONFERENCE AT ITS LAST THREE SESSIONS;
(D) THE APPROPRIATION LINES SHOULD BE MAINTAINED AT THE SECTORIAL
LEVEL, AS APPROVED BY THE GENERAL CONFERENCE AT ITS SEVENTEENTH
SESSION, PENDING FURTHER DEVELOPMENTS IN THE MEDIUM-TERM
PROGRAMME PLANNING;

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5. INVITES THE DIRECTOR-GENERAL TO TAKE INTO ACCOUNT THE
ABOVE GUIDELINES AND THOSE OF RES 34.3 OF 17TH GC WHEN HE PREPARES
THE DRAFT PROGRAMME AND BUDGET FOR 1975-1976 (DOCUMENT 18 C/5);

6. DECIDES TO RE-EXAMINE THE BUDGETARY PRINCIPLES AND
TECHNIQUES IN THE LIGHT OF THE DIRECTOR-GENERAL'S PROPOSALS ON THE
MEDIUM-TERM PLAN FOR 1977-1982 (DOCUMENT 18 C/4);

II

7 RECALLING RESOLUTION 35.1 ADOPTED BY THE GENERAL
CONFERENCE AT ITS SEVENTEENTH SESSION WHICH INVITED THE
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ACTION IO-14

INFO OCT-01 ISO-00 IOE-00 CU-04 HEW-08 SS-15 L-03 H-03

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EXECUTIVE BOARD TO EXAMINE AT ITS AUTUMN 1973 SESSION
THE DIRECTOR-GENERAL'S FORECAST OF THE PROBABLE
FINANCIAL REQUIREMENTS OF THE ORGANIZATION IN 1975-1976
ARISING FROM THE RECASTING OF THE CURRENT PROGRAMME AND
FROM THE AMORTIZATION OF CAPITAL EXPENDITURE;

8. HAVING EXAMINED DOCUMENT 93 EX/5, PART II REV.,

9. REALIZING THAT THE DIRECTOR-GENERAL'S FORECAST IS BASED ON
THE PRINCIPLES AND TECHNIQUES APPROVED BY THE GENERAL
CONFERENCE SINCE ITS FOURTEENTH SESSION, WHICH WERE
INTENDED TO ENSURE THAT THE BUDGET ESTIMATES ARE PREPARED
ON A FAIR AND REALISTIC BASIS;

10. NOTES THE DIRECTOR-GENERAL'S FORECAST THAT:

(A) AN AMOUNT OF \$40,438,400 WOULD BE REQUIRED FOR THE RECASTING OF THE TOTAL 1973-1974 BUDGET (OF WHICH \$20,5000,000 WOULD BE DUE TO DEVALUATION AND \$19,938,400 TO ECONOMIC INFLATION);
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(B) UNDER SEMI-FULL BUDGETING AN AMOUNT OF \$4,183,836 OVER AND ABOVE THE AMOUNT PROVIDED IN 1973-1974 (I.E. \$4,309,564) WOULD BE REQUIRED FOR THE ANTICIPATED INCREASES IN PRICES AND STAFF SALARIES AND ALLOWANCES IN 1975-1976;

(C) AN AMOUNT OF \$2,039,016 OVER AND ABOVE THE AMOUNT PROVIDED IN 1973-1974 WOULD BE REQUIRED FOR THE AMORTIZATION OF CAPITAL EXPENDITURE IN 1975-1976;

11. NOTES FURTHER THAT THE AMOUNTS ABOVE-MENTIONED WOULD HAVE TO BE REVISED TO TAKE INTO ACCOUNT:

(A) DECISIONS OF GC AT ITS 3RD EXTRA SESSION;
(B) THE GUIDELINES SET OUT IN PARAGRAPH 4 ABOVE;
(C) ANY SIGNIFICANT CHANGES IN THE UNITED NATIONS OPERATIONAL EXCHANGE RATE BETWEEN THE UNITED STATES DOLLAR AND OTHER MAJOR CURRENCIES, PARTICULARLY THE FRENCH FRANC;
(D) ANY SIGNIFICANT CHANGES IN THE FRENCH FRANC;
(D) ANY SIGNIFICANT CHANGES IN THE TRENDS OF PRICES AND STAFF SALARIES AND ALLOWANCES WHICH MAY OCCUR BETWEEN NOW AND THE FINALIZATION OF THE DRAFT PROGRAMME AND BUDGET FOR 1975-1976, AND PRIOR TO ITS CONSIDERATION BY THE GENERAL CONFERENCE AT ITS EIGHTEENTH SESSION;

III

12. HAVING EXAMINED THE QUESTIONS RAISED BY THE DIRECTOR-GENERAL IN PART III OF DOCUMENT 93 EX/5 AND ADDENDUM WHICH HAVE A BEARING ON THE PREPARATION OF THE DRAFT PROGRAMME AND BUDGET FOR 1975-1976 AND ITS FINANCING,

13. IS OF THE OPINION

(A) THAT THE ORGANIZATION'S WORKING CAPITAL FUND SHOULD BE RAISED FROM THE PRESENT LEVEL OF \$4 MILLION TO \$5 MILLION;
(B) THAT THE PROVISION IN FINANCIAL REGULATION 3.9 WHEREBY THE EXECUTIVE BOARD MAY PROVISIONALLY APPROVE SUPPLEMENTARY ESTIMATES UP TO 2.5-0/0 OF THE TOTAL APPROPRIATION SHOULD BE MAINTAINED AT THAT PERCENTAGE LEVEL;
(C) THAT THE QUESTIONS AS TO (I) WHETHER A SPECIAL RESERVE SHOULD BE CREATED FROM BUDGETARY SURPLUS AND/OR MISCELLANEOUS INCOME; AND (II) WHETHER MEMBER STATES SHOULD PAY THEIR CONTRIBUTIONS AT THE RATES OF EXCHANGE IN FORCE ON THE DATE
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WHEN THE ORGANIZATION'S BUDGET WAS VOTED; BE FURTHER STUDIED BY THE DIRECTOR-GENERAL WHEN PREPARING HIS DRAFT PROGRAMME AND BUDGET FOR 1975-1976, IN THE LIGHT OF ANY ACTION WHICH THE GENERAL ASSEMBLY OF THE UNITED NATIONS MAY TAKE AT ITS 28TH SESSION IN 1973 AND IN LIGHT OF THE CONCLUSIONS OF THE AD HOC COMMITTEE (DOCUMENT 90 EX/13), THE BOARD'S DECISION THEREON (PO EX/DEC./5.1). UNQUOTE.

2. DURING DISCUSSION OF ABOVE DR AT F&A COMMISSION OCT 1 US REP POINTED OUT THAT ALTHOUGH BULK OF DR FULLY ACCEPTABLE TO US INsofar AS IT MERELY NOTES CERTAIN ASPECTS OF DG'S FORECAST OF COSTS WHICH MUST BE INCORPORATED IN 1975-76 BUDGET, HE NEVERTHELESS WOULD PROBABLY BE REQUIRED TO ASBTAIN ON DR AS WHOLE BECAUSE OF PARAGRAPHS 4 (A) AND (B).

3. RE REF 4(A) US REP STATED THAT US WOULD HOPE THAT LARGER SAVINGS COULD BE MADE IN BUDGET BASE AND RECASTING ESTIMATES; AND WITH REF TO SUBPARAGRAPH 4(B) HE STATED THAT US WOULD HOPE THAT INCREASED EFFICIENCY REFERRED TO COULD BE TAKEN INTO ACCOUNT IN ESTABLISHING THE RECASTED BUDGET RATHER THAN MERELY ESTABLISHING BASIS FOR BUDGETARY GROWTH.

4. DEPT'S GUIDANCE AS TO WHETHER TO VOTE FOR OR ABSTAIN ON DRAFT RESOLUTION SECTION OF F&A REPORT TO PLENARY OUTLINED ABOVE REQUESTED BY COB OCT 2.IRWIN

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